



## Senate

General Assembly

**File No. 550**

February Session, 2006

Substitute Senate Bill No. 169

*Senate, April 19, 2006*

The Committee on Finance, Revenue and Bonding reported through SEN. DAILY of the 33rd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

### ***AN ACT CONCERNING DISABLED VETERANS' PROPERTY TAX EXEMPTION.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-81l of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2006*):

3 Whenever used in sections 12-81f, 12-81g, 12-81i and 12-81j,  
4 "qualifying income" means, with respect to any person making  
5 application for exemption from property tax as provided under any of  
6 said sections, such person's total adjusted gross income as determined  
7 for purposes of the federal income tax plus any other income not  
8 included in such adjusted gross income, individually if unmarried, or  
9 jointly with spouse if married, during the calendar year ending  
10 immediately preceding the filing of a claim for any such exemption,  
11 but does not include veterans' disability payments. For purposes of  
12 determining eligibility for any of such exemptions, such qualifying  
13 income may not exceed fourteen thousand dollars, if unmarried, or

14 sixteen thousand dollars, jointly with spouse, if married, provided in  
 15 no event shall such maximum amounts of qualifying income with  
 16 respect to any such person be less than the maximum amount of such  
 17 qualifying income in the case of a married or unmarried person,  
 18 whichever is applicable, under subsection (b) of section 12-170aa, as  
 19 amended, and in the event that such maximum qualifying income  
 20 under this section is less than the comparable amount under said  
 21 subsection (b) of section 12-170aa, as amended, for any assessment  
 22 year, such amount under this section shall be made equivalent to that  
 23 under said subsection (b) of section 12-170aa, as amended, for  
 24 purposes of determining eligibility under this section for such  
 25 assessment year.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	October 1, 2006	12-81l
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<b>VA</b>	<i>Joint Favorable Subst. C/R</i>	PD
<b>PD</b>	<i>Joint Favorable C/R</i>	FIN
<b>FIN</b>	<i>Joint Favorable</i>	

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

### ***OFA Fiscal Note***

#### ***State Impact:***

Agency Affected	Fund-Effect	FY 07 \$	FY 08 \$
Policy & Mgmt., Off.	GF - See Below	See Below	See Below

Note: GF=General Fund

#### ***Municipal Impact:***

Municipalities	Effect	FY 07 \$	FY 08 \$
Various Municipalities	See Below	See Below	See Below

### ***Explanation***

The bill excludes veterans' disability payments when determining income for the purposes of income based property tax exemptions for both state mandated and local option veterans' property tax exemptions; and property tax exemptions for the blind, and totally disabled individuals. It is unknown how many additional people would now qualify for income-based property tax exemptions. It is anticipated that to fully implement the provisions of this bill would result in significant additional cost. However, under current law if appropriations are not sufficient to fully fund the municipal reimbursement for these exemptions, payments to municipalities are reduced on a pro rata basis resulting in increased cost to the municipalities. A municipality could increase its mill rate or modify spending to offset any decrease in property taxes as a result of the increase in the un-reimbursed portion of the property tax abatement for veterans.

### ***The Out Years***

The annualized ongoing fiscal impact identified above would

continue into the future subject to inflation.

**OLR Bill Analysis****sSB 169*****AN ACT CONCERNING DISABLED VETERANS' PROPERTY TAX EXEMPTION.*****SUMMARY:**

This bill excludes veterans' disability payments when determining income for purposes of income-based property tax exemptions for veterans, the blind, and people with total disabilities. The bill applies to both the local option and additional state-mandated veterans' property tax exemptions.

EFFECTIVE DATE: October 1, 2006

**BACKGROUND*****Veterans' Property Tax Exemptions***

The law requires towns to give qualified veterans and their surviving spouses certain property tax exemptions. It allows them to grant others if their legislative body approves. The first category is commonly called mandatory exemptions; the latter, local option.

The *main* state-mandated exemptions are granted through two statutes. CGS § 12-81(19) requires towns to give all qualified applicants a basic \$1,000 property tax exemption (and increase this amount after revaluations that, in practice, results in a 150% taxable grand list increase over the previous year). CGS § 12-81g requires towns to give veterans who get the basic exemption an additional exemption, the amount of which depends on their income.

For those whose income falls below a certain statutorily determined limit, the additional exemption is equal to twice the basic exemption (CGS § 12-81g(a)). Thus, a veteran whose basic exemption is \$1,000

would get an additional amount of \$2,000 for a combined total of \$3,000. For those whose income exceeds this limit, the additional exemption is 50% of the basic exemption (CGS § 12-81g(b)). Thus, a veteran in this category whose basic exemption is \$1,000 would get an additional amount of \$500 for a total of \$1,500. (Disabled and severely disabled veterans are eligible for increased exemptions based on their disability level.)

In addition to these mandatory exemptions, a municipality, with its legislative body's approval, may give a larger exemption to veterans and their surviving spouses whose income falls below specified limits (CGS § 12-81f).

The state reimburses towns for the revenue loss from the additional exemptions provided to below-income veterans, but not for any of the others--mandatory or optional.

### ***Property Tax Exemptions for the Blind and Disabled***

The law requires towns to give a \$1,000 property tax exemption to people who are totally disabled (and meet other specified criteria) and people who are blind. It allows the town, with its legislative body's approval, to provide an additional \$1,000 exemption if the person's income is below a certain level (CGS §§ 12-81i and 12-81j).

### ***Income and Property Tax Exemptions***

The income limit for the 2006 grand list is \$27,700 for single and \$33,900 for married applicants.

## **COMMITTEE ACTION**

Select Committee on Veterans' Affairs

Joint Favorable Substitute Change of Reference

Yea 10      Nay 0      (03/02/2006)

Planning and Development Committee

Joint Favorable Change of Reference

Yea     16     Nay   0     (03/13/2006)

Finance, Revenue and Bonding Committee

Joint Favorable

Yea     50     Nay   0     (04/04/2006)